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SUBJECT: Soviet Purchases of Rubber Abroad

1) Soviet imports of natural rubber in 1949 followed closely the pattern of intensive Soviet purchases of this commodity during 1948. Official trade statistics account for net imports of 105,000 tons of rubber by the Soviet Union during 1949.

total Soviet acquisition of crude rubber from all sources may have exceeded 130,000 tons during the year. Of this amount, the official Malayan figures admit direct shipments to the Soviet Union of 63,000 tons; and official Netherlands re-exports amounted to 21,500 tons of rubber of Indonesian and Malayan origin. The remaining rubber imports were presumably effected through the transit trade of the UK and some by clandestine methods in South East Asia.

During 1949 the Satellite States (excluding China) are reported to have procured, presumably for their own needs, about 40,000 tons of natural rubber from non-orbit sources.

2) During the first quarter of 1950, actual Malayan exports of rubber to the USSR are reported to have exceeded 18,000 tons. Recent press reports indicate that Soviet purchases and/or shipments may have reached 45,000 tons during this period. A single shipment of 7,500 tons was reported in April. If this rate of acquisition continues, the Soviet imports of natural rubber in 1950 will probably reach, or even surpass, the level of 1949.

3) Payments are made primarily in free sterling accumulated from delivery of Soviet grain and timber to the UK. Rubber sales are arranged in London and actual deliveries are made by the Malayan branches of London houses against sterling letters of credit established by the USSR with the Singapore banks through their London correspondents. However, some rubber (possibly the transit shipments through UK) is also purchased by Soviet agents direct in the Malayan market through regular trade channels with payments in the Straits Settlements dollars. The Netherlands deliveries were probably made under the bilateral trade agreement with the USSR.

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4) The estimated annual Soviet requirements in the prewar period were about 35,000 tons of natural rubber. The current annual requirements are tentatively estimated at 50,000 to 70,000 tons. This increase is due in part to the poor quality of the Soviet synthetic rubber for heavy duty tires. On the basis of the above estimates, it appears that the present level of acquisition is in excess of the Soviet normal needs and indicates a stockpiling program.

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